

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

JUNZHOU HUANG,)
)
Plaintiff,)
)
v.) No. 22 CV 00809
)
PARTNERSHIPS AND UNINCORPORATED)
ASSOCIATIONS IDENTIFIED IN)
SCHEDULE A,) Chicago, Illinois
) November 10, 2022
Defendants.) 4:30 p.m.

TRANSCRIPT OF TELEPHONIC PROCEEDINGS
BEFORE THE HONORABLE EDMOND E. CHANG

APPEARANCES TELEPHONICALLY:

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**FAILURE TO IDENTIFY ONESELF EACH TIME WHEN
SPEAKING MAY RESULT IN
IMPROPER SPEAKER IDENTIFICATION**

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1 (Proceedings heard telephonically:)

2 THE CLERK: The United States District Court for the
3 Northern District of Illinois is now in session, the Honorable
4 Edmond E. Chang presiding.

5 22 C 809, Huang versus The Partnerships and
6 Unincorporated Associations.

7 THE COURT: Good afternoon, everyone. This is Judge
8 Chang. For this phone hearing, I'll prompt for appearances.
9 First, counsel for the plaintiffs.

10 MR. WANG: Yes, your Honor. This is Shen Wang from
11 Arch Lake. I have my colleague Haoyi Chen with me on the
12 line.

13 THE COURT: Okay. Good afternoon.

14 And then for the defendants Joybuy, Joybuy Express,
15 and Joybuy Fashion.

16 MS. KOPINSKI: Your Honor, Nicole Kopinski of Leydig
17 Voit & Mayer, and with me on the line is David Airan and
18 Wallace Feng.

19 THE COURT: All right. Good afternoon to you as
20 well.

21 We're here on the defendants' motion to dissolve the
22 TRO. And let me just try to focus the hearing. And I'll ask
23 Mr. Wang in particular for the plaintiff to respond to the
24 idea that the TRO is no longer necessary because there really
25 is not a risk of the assets being moved which is one of the

1 premises for -- or one of the necessary premises for the TRO.

2 So please respond to that.

3 MS. KOPINSKI: Your Honor, if I may, Nicole

4 Kopinski --

5 THE COURT: Yes.

6 MS. KOPINSKI: -- for the Joybuy Marketplace.

7 The parties had an opportunity to speak shortly
8 before this hearing. This is the Joybuy Marketplace's motion.
9 And we understand that Joybuy was originally a party but was
10 dropped from the amended complaint. The TRO and the asset
11 freeze then does not actually apply to Joybuy. So we
12 understand that this motion is moot.

13 Plaintiff erroneously instructed Walmart to freeze
14 Joybuy's account, and plaintiff has agreed to immediately
15 instruct Walmart to unfreeze all of the Joybuy Marketplace's
16 accounts at Walmart.

17 THE COURT: Mr. Wang, is that correct?

18 MR. WANG: Yes, your Honor, it is correct. What
19 happened was when we had the TRO we, you know, instruct
20 Walmart to comply with the court order. And somehow, you
21 know, Walmart, you know, freeze the whole Joybuy account which
22 is not our intention. So after meeting and conferring with
23 the other party, we have already instructed Walmart to
24 unfreeze the Joybuy account as of now.

25 THE COURT: So let me just understand. The TRO that

1 is actually on the docket -- let me look at the schedule.

2 Okay. So when I look at the Schedule A that is
3 attached to the second amended complaint which is the narrowed
4 number of defendants that was permitted to proceed forward in
5 this case, yes, Joybuy is not on that list.

6 So when you, Mr. Wang, communicated with Walmart
7 about this TR0 in particular, did you ask Walmart to freeze
8 Joybuy's accounts?

9 MR. WANG: We did not, your Honor. So what happened
10 was that we asked Walmart to comply with the court order. And
11 they asked us to provide the merchant ID. What happened, you
12 know, we have a list of the sellers. So we go to one of the
13 sellers. We find the merchant ID of that seller. We send to
14 Walmart. And somehow, Walmart freezed the Joybuy account. We
15 just -- this just came to our attention yesterday when Nicole
16 called us.

17 THE COURT: Okay. So the merchant ID that you sent
18 to Walmart was not the merchant ID of Joybuy?

19 MR. WANG: We -- we do not know what that merchant ID
20 is, but we obtained the merchant ID from a seller, I mean,
21 listed in the Schedule A. And that's what happened.

22 So my understanding is after we did a little bit
23 digging and without excessive investigation, it appears to be,
24 you know, everybody sell in the marketplace has only one ID.
25 So in order to freeze any one of those seller accounts,

1 Walmart has to freeze, you know, the account for Joybuy which
2 ultimately freeze everybody.

3 THE COURT: And, okay, so was Joybuy part of the
4 original Schedule A?

5 MR. WANG: Was -- I need to have my colleague -- go
6 ahead.

7 MS. KOPINSKI: Your Honor, we received some of the
8 sealed pleadings today including the original Schedule A and,
9 yes, the Joybuy Marketplace defendants were listed on Schedule
10 A. In addition, yesterday plaintiff attempted to serve the
11 Joybuy Marketplace defendant with the amended complaint.

12 So it was our understanding that the account was
13 frozen and instructions were made from plaintiffs to Walmart
14 to freeze Joybuy's accounts in their entirety.

15 MR. WANG: No, that's --

16 UNIDENTIFIED SPEAKER: No, that is not --

17 UNIDENTIFIED SPEAKER: Apparently --

18 MS. KOPINSKI: If I may, your Honor.

19 THE COURT: One moment.

20 MS. KOPINSKI: Again, this was an error based on our
21 discussion with plaintiff's counsel.

22 THE COURT: That's fine. So let me -- I don't want
23 to waste, you know, additional time given that there is an
24 agreement that the TRO does not apply to these defendants and
25 that the plaintiff has or will immediately instruct Walmart to

1 lift the freeze. What I do want to find out -- and so Joybuy
2 can parachute out of the case. And by the way, you ought to
3 just file on CM/ECF -- actually, no, you don't have to do it.

4 So we will in a docket entry direct the clerk's
5 office to terminate Joybuy, Joybuy Express, and Joybuy Fashion
6 as named defendants in this case. So you can parachute out of
7 the case. That's fine.

8 Mr. Wang, I do want a -- call it a status report on
9 asset freeze.

10 MR. WANG: Correct. We can --

11 THE COURT: Yes, so file by December 5 an explanation
12 of how this came about. And if you need to confer with
13 Walmart more on that, then you can, but I do want to figure
14 out how this happened.

15 And so this is one of the issues, by the way, with
16 these massive joinder cases and how difficult it is to manage
17 them and which is why both the text and the purpose of Rule 20
18 is not met when there is these massive cases where it is
19 infinitely more difficult for the court to take the
20 fine-toothed comb that we typically take to our TR0 orders
21 given that they are ex parte when there are still multiple,
22 multiple defendants.

23 And now, yes, in this case it has now been narrowed
24 down some, but it obviously started with 405. And if our TR0
25 orders need to be more refined so that accountholders like

1 Walmart know that the court is not intent on freezing the
2 asset accounts in a blunt way and that if somehow Walmart
3 cannot freeze specific accounts but ends up freezing a larger
4 block of accounts, then that's the kind of thing that we need
5 to know and need to know immediately so that on the back end,
6 we can fix the problem and then on the front end that it
7 doesn't happen, period.

8 And so I will, you know, await the December 5th
9 filing to just see exactly how this happened. And I do expect
10 that exhibits and so on proving what happened will be attached
11 so that I gain an understanding on this.

12 MR. WANG: Yes. Your Honor, that -- sorry about
13 that.

14 THE COURT: The motion to dissolve is terminated
15 without prejudice in light of the fact that it's not needed.
16 And the motion to seal which is docket entry 42 is granted in
17 light of the fact it actually ended up not being the basis for
18 judicial decision making. And so we'll terminate both 40 and
19 42. And the motion to seal was 43, and that's granted.

20 Okay. Mr. Wang, is there anything else? I will be
21 looking at the preliminary injunction motion. I was going to
22 direct you to make doubly sure that it did not include Joybuy
23 if I were to vacate the TRO as to Joybuy, but that's not
24 necessary anymore.

25 Is there anything else, Mr. Wang, for the record?

1 MR. WANG: Not really, your Honor. You know, this is
2 never -- let me just make it clear. Joybuy was never been a
3 party and not our intention to freeze Joybuy's account but
4 somehow -- yes, we will put that in the report.

5 THE COURT: Yeah, and I don't -- I'm not nor do -- I
6 think the defendants are not accusing you of doing that out of
7 intentionality. But looking at the email traffic back and
8 forth as well, it's the fact that an inadvertent problem like
9 this can arise, I do think it's sourced back to joinder. And
10 so I continue to have grave doubts about joining this many
11 defendants and then putting this kind of burden on third
12 parties, and I continue to raise them. So I do want that
13 detailed explanation.

14 And again, it's not about intentionality. It's just
15 that these cases get so difficult to manage that -- yes, they
16 get so difficult to manage that these inadvertent problems can
17 have drastic consequences.

18 Okay. Anything else, Ms. Kopinski?

19 MS. KOPINSKI: No, your Honor. Thank you.

20 THE COURT: All right. We are adjourned. Thank you.

21 (Proceedings adjourned at 4:42 p.m.)
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C E R T I F I C A T E

I, Judith A. Walsh, do hereby certify that the foregoing is a complete, true, and accurate transcript of the telephonic proceedings had in the above-entitled case before the Honorable EDMOND E. CHANG, one of the judges of said court, at Chicago, Illinois, on November 10, 2022.

/s/ Judith A. Walsh, CSR, RDR, F/CRR December 1, 2022

Official Court Reporter

United States District Court

Northern District of Illinois

Eastern Division